

FISCAL NOTE

Bill #: SB0416 **Title:** Amend child support suspension of license statutes

Primary Sponsor: Curtiss, A. **Status:** As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
General Fund	\$60,017	\$57,983
State Special Revenue	(\$43,790)	(\$44,732)
Revenue:		
General Fund	\$0	\$0
State Special Revenue	(\$43,790)	(\$44,732)
Net Impact on General Fund Balance:	(\$60,017)	(\$57,983)

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Public Health and Human Services

1. The numbers used to calculate fiscal impact in this note are from FY 2004. It is assumed that the numbers would fairly represent FY 2006 and FY 2007.
2. The Child Support Enforcement Division (CSED) entered 606 cases in payment plans in FY 2004 as a result of license suspension actions.
3. It is estimated that 95 percent of the payment plans are entered into to avoid driver's license suspension. It is assumed that the ability to obtain, upon request, a probationary license for occupational, homemaking and emergency purposes, will extinguish any incentive to enter into a payment plan for the payment of child support.
4. Based on this assumption it is estimated that 576 cases ($606 \times .95$) will no longer have child support collections.
5. Total child support collections in FY 2004 were \$54,322,737. The number of cases with a collection was 25,120. The average collection per case was \$2,163 ($\$54,322,737 / 25,120 = \$2,163$).

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6. A decrease in 576 payment plans for child support collections would result in a total decrease to child support collections by \$1,245,888 per year ($576 \times \$2,163$).
7. The total collections of \$54,322,737 are broken into \$6,677,447 for parents on Temporary Assistance for Needy Families (TANF) and \$47,645,290 non-TANF collections. TANF collections equal 12 percent of total collections ($\$6,677,447 / \$54,322,737 = 12$ percent). Non-TANF collections equal 88 percent ($\$47,645,290 / \$54,322,737 = 88$ percent).
8. It is estimated that non-TANF collections would decrease by \$1,096,381 per year ($\$1,245,888 \times 88$ percent) and TANF collections would decrease by \$149,507 per year ($\$1,245,888 \times 12$ percent).
9. Non-TANF collections are passed through directly to families; therefore, income to families would decrease by \$1,096,381 per year.
10. The Federal Medical Assistance Participation (FMAP) rate is applied to TANF collections. The state share of TANF collections is retained by CSED in a state special revenue account and used to pay for division operating expenses. The state share of the FMAP rate is 29.29 percent in FY 2006 and 29.92 percent in 2007.
11. It is estimated that CSED would lose state special revenue of \$43,790 in FY 2006 ($\$149,507 \times 29.29$ percent); and \$44,732 in FY 2007 ($\$149,507 \times 29.92$ percent).
12. General fund would be necessary to pay for the expenditures previously paid for with these state special revenue funds.
13. Section 3 applies to all license suspension payment plans, not just those to suspend a driver's license.
14. Of the remaining 5 percent of payment plans offered to avoid suspension of recreational, professional and occupational licenses, obligors wishing to contest the validity of the underlying support order would not be offered a payment plan but would proceed to hearing. The hearing may result in issuance of a payment plan, suspension of the license, or a conditional stay of suspension. The CSED is unable to determine the potential loss or delay in collections that would result from these determinations.

Department of Justice

15. Approximately 600 driver licenses are suspended annually based upon notice of suspensions issued for failure to comply with a child support order.
16. In conjunction with the overall child support suspension process, issuance of the restricted probationary driver license will require close coordination with suspension requirements and stay actions and communications between agencies and with violators.
17. Probationary driver licenses may be issued, withdrawn and re-issued in coordination with the individual's regular driver license and overall motor vehicle record.
18. 0.50 FTE (Grade 8) will be required to implement the new provisions of this bill. Personal services will increase \$12,046 annually for FY 2006 and FY 2007.
19. Regular operating costs are \$4,181 in FY 2006 and \$1,205 in FY 2007. FY 2006 costs include \$2,976 for the new employee package of desk, chair, file cabinet and computer. In addition, operating costs of \$1,205 in FY 2006 and \$1,205 in FY 2007 are included for phones, supplies and computer usage.

FISCAL IMPACT:

Department of Public Health and Human Services

	FY 2006 <u>Difference</u>	FY 2007 <u>Difference</u>
<u>Funding of Expenditures:</u>		
General Fund (01)	\$43,790	\$44,732
State Special Revenue (02)	(\$43,790)	(\$44,732)

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Revenues:

State Special Revenue (02)	(\$43,790)	(\$44,732)
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Department of Justice

FTE	0.50	0.50
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Expenditures:

Personal Services	\$12,046	\$12,046
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Operating Expenses	<u>\$4,181</u>	<u>\$1,205</u>
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TOTAL	\$16,227	\$13,251
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Funding of Expenditures:

General Fund (01)	\$16,227	\$13,251
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Total

FTE	0.50	0.50
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Expenditures:

Personal Services	\$12,046	\$12,046
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Operating Expenses	<u>\$4,181</u>	<u>\$1,205</u>
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TOTAL	\$16,227	\$13,251
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Funding of Expenditures:

General Fund (01)	\$60,017	\$57,983
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State Special Revenue (02)	(\$43,790)	(\$44,732)
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Revenues:

State Special Revenue (02)	(\$43,790)	(\$44,732)
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Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$60,017)	(\$57,983)
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TECHNICAL NOTES:

1. The provisions of MCA 61-2-302 and 61-8-814 state that a person whose commercial driver's license or commercial motor vehicle operating privilege is suspended is not eligible for a restricted probationary driver's license that would permit operation of a commercial motor vehicle during the period of suspension.
2. Child support collections passed directly through to families not on the TANF program would have a decrease in income to those families of \$1,096,381.